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**Delta Community Action Association, Inc.  
Tallulah, Louisiana**

**Financial Statements**

**As of and for the Years Ended June 30, 2006 and 2005  
With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-10-07

Delta Community Action Association, Inc.  
Tallulah, Louisiana

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## Independent Auditors' Report

To the Board of Directors  
Delta Community Action Association, Inc.  
Tallulah, Louisiana

We have audited the accompanying statements of financial position of Delta Community Action Association, Inc. as of June 30, 2006 and 2005, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Delta Community Action Association, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delta Community Action Association, Inc. as of June 30, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2006 on our consideration of Delta Community Action Association, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Delta Community Action Association, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying supplemental combining schedules on pages 11 and 12 are presented for the purpose of additional analysis and are not a required part of the financial statements of Delta Community Action Association, Inc. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The accompanying supplemental schedules, listed as "Supplemental Information Schedules Prepared For Grants and Contracts Analysis" in the table of contents, and shown on pages 14-17, are presented for the purpose of providing various funding sources of Delta Community Action Association, Inc. additional individual grant and contract analysis and are not a required part of the financial statements. The information is prepared on a prescribed basis of the various funding sources of Delta Community Action Association, Inc., and certain schedules are for periods other than Delta's audit year. These schedules are not presented in accordance with generally accepted accounting principles. Accordingly, these schedules are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, they are fairly stated on the basis of accounting practices prescribed by the various funding sources.



Cook and Morehart  
Certified Public Accountants  
October 13, 2006

Delta Community Action Association, Inc.  
Tallulah, Louisiana  
Statements of Financial Position  
June 30, 2006 and 2005

Assets	2006	2005
Current assets:		
Cash	\$ 270,030	\$ 295,192
Grant receivables	134,624	168,706
Due from other funds	27,102	37,647
Total current assets	<u>431,756</u>	<u>501,545</u>
Property and Equipment:		
Property and equipment	1,812,186	1,526,269
Accumulated depreciation	(967,222)	(842,922)
Total property and equipment	<u>844,964</u>	<u>683,347</u>
Total Assets	<u>\$ 1,276,720</u>	<u>\$ 1,184,892</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 142,587	\$ 178,084
Accrued liabilities	65,549	65,714
Due to other funds	27,102	37,647
Refundable advances	21,059	46,622
Total current liabilities	<u>256,297</u>	<u>328,067</u>
Net assets:		
Unrestricted:		
Operating	155,851	152,675
Designated	19,608	20,803
Fixed assets	844,964	683,347
Total net assets	<u>1,020,423</u>	<u>856,825</u>
Total Liabilities and Net Assets	<u>\$ 1,276,720</u>	<u>\$ 1,184,892</u>

The accompanying notes are an integral part of this statement.

Delta Community Action Association, Inc.  
Tallulah, Louisiana  
*Statements of Activities*  
For the Years Ended June 30, 2006 and 2005

	Unrestricted	
	2006	2005
Revenues and Other Support:		
Contractual revenue - grants	\$ 4,691,732	\$ 4,107,720
Miscellaneous revenues	5,760	528
Total revenues and other support	4,697,492	4,108,248
Expenses:		
Head Start program	2,764,083	2,482,052
Child care food program	289,228	223,707
Community services block grant	165,468	158,254
Home energy assistance	59,276	13,259
Family day care services	1,001,712	947,540
Delta recovery program	133,566	124,938
Migrant education	118,105	100,133
General services	2,456	9,450
Total expenses	4,533,894	4,059,333
Changes in net assets	163,598	48,915
Net assets as of beginning of year	856,825	807,910
Net assets as of end of year	\$ 1,020,423	\$ 856,825

The accompanying notes are an integral part of this statement.

Delta Community Action Association, Inc.  
Tallulah, Louisiana  
Statements of Cash Flows  
For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating activities		
Changes in net assets	\$ 163,598	\$ 48,915
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	138,304	117,641
Loss on disposal		443
(Increase) decrease in operating assets:		
Grant receivables	34,082	152,959
Increase (decrease) in operating liabilities:		
Accounts payable	(35,497)	(115,271)
Accrued liabilities	(165)	10,006
Refundable advances	(25,563)	(9,959)
Other liabilities		(2,316)
Net cash provided by operating activities	<u>274,759</u>	<u>202,418</u>
Investing activities		
Payments for property and equipment	<u>(299,921)</u>	<u>(151,218)</u>
Net cash used in investing activities	<u>(299,921)</u>	<u>(151,218)</u>
Net increase (decrease) in cash	(25,162)	51,200
Cash as of beginning of year	<u>295,192</u>	<u>243,992</u>
Cash as of end of year	<u><u>\$ 270,030</u></u>	<u><u>\$ 295,192</u></u>

The accompanying notes are an integral part of this statement.

Delta Community Action Association, Inc.  
Tallulah, Louisiana  
Notes to Financial Statements  
June 30, 2006 and 2005

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Delta Community Action Association, Inc. (Delta) is a private non-profit corporation incorporated under the laws of the State of Louisiana. A Board of Directors composed of 15 members governs Delta. Delta operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor and disadvantaged in various parishes in Louisiana that Delta serves. The following programs, with their approximate percentage of total revenues indicated, are administered by Delta:

**Head Start Program (62%)** – Provides comprehensive early child development for disadvantaged and handicapped preschool children and their families. Funding is provided by federal funds from the U.S. Department of Health and Human Services.

**Child Care Food Program (6%)** – Provides a food service program in coordination with the Head Start Program. Funding is provided by federal funds from USDA passed through the Louisiana Department of Education.

**Community Services Block Grant (4%)** – Administers programs designed to provide services and activities that will have a measurable impact on causes of poverty in the community. Funding is provided by federal funds passed through the Louisiana Department of Labor.

**Home Energy Assistance (1%)** – Assists low income households to offset the burden of high energy costs. Funding is provided by federal funds passed through Louisiana Housing Finance Agency.

**Family Day Care Services (21%)** – Provides a food service program for children in private nonprofit centers of approximately 140 homes. Financing is provided by federal funds passed through the Louisiana Department of Education.

**Delta Recovery Program (3%)** – Provides substance abuse treatment and education for eligible participants. Funding is provided by federal funds passed through the Louisiana Department of Health and Hospitals, Division of Alcohol and Drug Abuse.

**Migrant Education (3%)** – Provides assistance, such as housing, to establish or improve programs designed to meet the special educational needs of migratory children of migratory agricultural workers or migratory fishers. Funding is provided by federal funds passed through the Louisiana Department of Education.

B. Basis of Accounting

The financial statements of Delta have been prepared on the accrual basis of accounting.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

(Continued)



Delta Community Action Association, Inc.  
Tallulah, Louisiana  
Notes to Financial Statements  
June 30, 2006 and 2005  
(Continued)

D. Income Tax Status

Delta is a non-profit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Delta's tax-exempt purpose would be subject to taxation as unrelated business income. There was no unrelated business income for the years ended June 30, 2006 and 2005.

E. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, Delta considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

G. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The Federal Government has a reversionary interest in property purchased with federal funds. Its disposition as well as the ownership of any proceeds there from is subject to federal regulations.

H. Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

(2) Concentrations of Credit Risk

Financial instruments that potentially subject Delta to concentrations of credit risk consist principally of temporary cash investments and grant receivables.

Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of June 30, 2006 and 2005, Delta had no significant concentrations of credit risk in relation to grant receivables.

(Continued)

Delta Community Action Association, Inc.  
Tallulah, Louisiana  
Notes to Financial Statements  
June 30, 2006 and 2005  
(Continued)

Delta maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At June 30, 2006 total cash balances held at financial institutions was \$671,431. Of this amount, \$267,838 was secured by FDIC, \$176,730 was collateralized by pledged securities, and the remaining \$ 226,863 was unsecured. At June 30, 2005 total cash balances held at financial institutions was \$539,199. Of this amount, \$278,002 was secured by FDIC, \$190,679 was collateralized by pledged securities and the remaining \$70,518 was unsecured.

(3) Grant Receivables

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from funding sources at June 30, 2006 and 2005, but received after those dates.

(4) Due To and Due From Other Funds

The following schedule represents amounts due to and due from other funds at June 30, 2006:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Services	\$ 25,631	\$ —
Family Day Care Home Program	—	18,000
Community Services Block Grant	—	6,800
Head Start Program	—	1,471
Program Administration	1,471	—
LIHEAP	—	831
	<u>\$ 27,102</u>	<u>\$ 27,102</u>

The following schedule represents amounts due to and due from other funds at June 30, 2005:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Services	\$ 22,000	\$ —
Head Start Program – due from Child Care Food Program	15,647	—
Child Care Food Program	—	15,647
Community Services Block Grant	—	4,000
Family Day Care Home Program	—	18,000
	<u>\$ 37,647</u>	<u>\$ 37,647</u>

(Continued)

Delta Community Action Association, Inc.  
Tallulah, Louisiana  
Notes to Financial Statements  
June 30, 2006 and 2005  
(Continued)

(5) Property and Equipment

Property and equipment consisted of the following at June 30, 2006:

	Estimated Depreciable Life	Purchased With Federal Funds	Purchased With Non-Federal Funds	Total
Buildings	7-20 years	\$ 416,870	\$ -	\$ 416,870
Leasehold improvement	7-20 years	137,097	-	137,097
Furniture and equipment	5-10 years	410,224	749	410,973
Vehicles	5 years	814,108	-	814,108
Vehicles not in operation		33,138	-	33,138
Accumulated depreciation		( 966,473)	( 749)	( 967,222)
Net investment in property and equipment		<u>\$ 844,964</u>	<u>\$ -</u>	<u>\$ 844,964</u>

Depreciation expense for the year ended June 30, 2006 was \$ 138,304.

Property and equipment consisted of the following at June 30, 2005:

	Estimated Depreciable Life	Purchased With Federal Funds	Purchased With Non-Federal Funds	Total
Buildings	7-20 years	\$ 416,870	\$ -	\$ 416,870
Leasehold improvement	7-20 years	125,317	-	125,317
Furniture and equipment	5-10 years	309,128	749	309,877
Vehicles	5 years	641,067	-	641,067
Vehicles not in operation		33,138	-	33,138
Accumulated depreciation		( 842,173)	( 749)	( 842,922)
Net investment in property and equipment		<u>\$ 683,347</u>	<u>\$ -</u>	<u>\$ 683,347</u>

Depreciation expense for the year ended June 30, 2005 was \$117,641.

(6) Refundable Advances

Delta records federal funds received in excess of expenditures as a refundable advance until they are expended for the purpose of the contract or until the funds are returned to the appropriate funding source.

(7) Contractual Revenue – Grants

During the years ended June 30, 2006 and 2005, Delta received contractual revenue from federal and state grants in the amount of \$4,691,732 and \$4,107,720, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(Continued)

Delta Community Action Association, Inc.  
Tallulah, Louisiana  
Notes to Financial Statements  
June 30, 2006 and 2005  
(Continued)

(8) Retirement Plan

Delta participates in a tax deferred annuity plan whereby an amount equal to 5% of the salary of eligible employees is contributed to purchase annuity contracts with an insurance company. The annuities are in the employee's name upon funding. The amount contributed for the years ended June 30, 2006 and 2005 was \$43,553 and \$33,711, respectively.

(9) Accrued Liabilities

Accrued liabilities consisted of the following:

	<u>2006</u>	<u>2005</u>
Accrued leave payable	\$ 42,154	\$ 36,095
Payroll taxes payable	23,395	29,619
	<u>\$ 65,549</u>	<u>\$ 65,714</u>

(10) Leases

Delta leases certain buildings and equipment under operating leases. Rental costs on those leases for the years ended June 30, 2006 and 2005, were as follows:

	<u>2006</u>	<u>2005</u>
Buildings	\$ 52,700	\$ 52,800
Equipment	33,373	29,566
	<u>\$ 86,073</u>	<u>\$ 82,366</u>

Commitments under lease agreements having initial remaining terms in excess of one year are as follows:

For the Year Ending <u>June 30,</u>	
2007	\$ 18,347
2008	9,854
2009	<u>2,057</u>
Total minimum future rentals	<u>\$ 30,258</u>

Delta Community Action Association, Inc.  
Tallulah, Louisiana  
Combining Schedule of Financial Position  
June 30, 2006

Assets	Head Start Program	Child Care Food Program	Community Services Block Grant	Home Energy Assistance	Family Day Care Services	Delta Recovery Program	Migrant Education	General Services	Total
Current assets:									
Cash	\$ 47,717	\$ 21,005	\$ 3,767	\$ 4,380	\$ 7,694	\$ 36,371	\$ 14,789	\$ 134,307	\$ 270,030
Grant receivables	22,725		15,554		94,914			1,431	134,624
Due from other funds								27,102	27,102
Total current assets	<u>70,442</u>	<u>21,005</u>	<u>19,321</u>	<u>4,380</u>	<u>102,608</u>	<u>36,371</u>	<u>14,789</u>	<u>162,840</u>	<u>431,756</u>
Property and equipment:									
Property and equipment	1,770,214		35,468		1,252	4,154	1,098		1,812,186
Accumulated depreciation	(926,531)		(35,468)		(209)	(4,154)	(860)		(967,222)
Total property & equipment	<u>843,683</u>				<u>1,043</u>		<u>238</u>		<u>844,964</u>
Total Assets	<u>\$ 914,125</u>	<u>\$ 21,005</u>	<u>\$ 19,321</u>	<u>\$ 4,380</u>	<u>\$ 103,651</u>	<u>\$ 36,371</u>	<u>\$ 15,027</u>	<u>\$ 162,840</u>	<u>\$ 1,276,720</u>
Liabilities and Net Assets									
Current liabilities:									
Accounts payable	\$ 48,472	\$ 696	\$ 1,258	\$ 289	\$ 83,525	\$ 1,281	\$ 5,373	\$ 1,693	\$ 142,587
Accrued liabilities	20,499	701	11,263		1,083	3,758	4,226	24,019	65,549
Due to other funds	1,471		6,800	831	18,000				27,102
Refundable advances				2,773		13,096	5,190		21,059
Total current liabilities	<u>70,442</u>	<u>1,397</u>	<u>19,321</u>	<u>3,893</u>	<u>102,608</u>	<u>18,135</u>	<u>14,789</u>	<u>25,712</u>	<u>256,297</u>
Net assets:									
Unrestricted:									
Operating				487		18,236		137,128	155,851
Designated		19,608			1,043		238		19,608
Fixed assets	843,683								844,964
Total net assets	<u>843,683</u>	<u>19,608</u>		<u>487</u>	<u>1,043</u>	<u>18,236</u>	<u>238</u>	<u>137,128</u>	<u>1,020,423</u>
Total Liabilities and Net Assets	<u>\$ 914,125</u>	<u>\$ 21,005</u>	<u>\$ 19,321</u>	<u>\$ 4,380</u>	<u>\$ 103,651</u>	<u>\$ 36,371</u>	<u>\$ 15,027</u>	<u>\$ 162,840</u>	<u>\$ 1,276,720</u>

Delta Community Action Association, Inc.  
Tallulah, Louisiana  
Combining Schedule of Activities  
For the Year Ended June 30, 2006

	Head Start Program	Child Care Food Program	Community Block Grant	Home Energy Assistance	Family Day Care Services	Delta Recovery Program	Migrant Education	General Services	Total
<b>Revenues and Other Support:</b>									
Contractual revenue - grants	\$2,924,876	\$288,033	\$165,468	\$ 59,276	\$1,002,755	\$128,389	\$122,935	\$ 5,760	\$ 4,691,732
Miscellaneous revenues									5,760
<b>Total revenues</b>	<b>2,924,876</b>	<b>288,033</b>	<b>165,468</b>	<b>59,276</b>	<b>1,002,755</b>	<b>128,389</b>	<b>122,935</b>	<b>5,760</b>	<b>4,697,492</b>
<b>Expenses</b>									
Salaries	1,364,794	130,523	111,563		93,913	84,520	53,428		1,838,741
Fringe benefits	413,500	41,258	24,873		27,676	14,049	16,614		537,970
Travel	23,760		3,470		7,398	6,525	5,572	171	46,896
Equipment	58,953				1,902				60,855
Occupancy	200,889	4,248	8,220		4,233	9,498			227,088
Telephone and postage	37,137		4,570		8,726	4,240	2,410	653	57,736
Insurance	52,804		895		592	2,300	106		56,697
Vehicle operation	84,140					1,410			85,550
Supplies	166,023		4,902		2,392	1,138	2,527		176,982
Professional services	63,666		2,717		2,895	3,509	37,228	800	110,815
Food and related supplies	80,369	113,199							193,568
Miscellaneous	80,173		4,258	11,187	3,243	1,200		832	100,893
Client assistance payments				48,089	848,533	5,177			901,799
Depreciation	137,875				209		220		138,304
<b>Total expenses</b>	<b>2,764,083</b>	<b>289,228</b>	<b>165,468</b>	<b>59,276</b>	<b>1,001,712</b>	<b>133,566</b>	<b>118,105</b>	<b>2,456</b>	<b>4,533,894</b>
<b>Change in net assets</b>	<b>160,793</b>	<b>(1,195)</b>			<b>1,043</b>	<b>(5,177)</b>	<b>4,830</b>	<b>3,304</b>	<b>163,598</b>
<b>Net assets, beginning of year</b>	<b>682,890</b>	<b>20,803</b>		<b>487</b>		<b>23,413</b>	<b>457</b>	<b>128,775</b>	<b>856,825</b>
<b>Indirect cost transfer</b>							<b>(5,049)</b>	<b>5,049</b>	
<b>Net assets, end of year</b>	<b>\$ 843,683</b>	<b>\$ 19,608</b>	<b>\$</b>	<b>\$ 487</b>	<b>\$ 1,043</b>	<b>\$ 18,236</b>	<b>\$ 238</b>	<b>\$ 137,128</b>	<b>\$ 1,020,423</b>

**Supplemental Information Schedules Prepared  
For Grants and Contracts Analysis**

Delta Community Action Association, Inc.  
Tallulah, Louisiana  
Head Start Grant No. 06CH0393/15  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
For the Contract Period: July 1, 2005 to June 30, 2006

Revenues:	Approved Budget	Actual	COB Balance Current Year
Amount awarded this budget period	\$ 2,921,031	\$ 2,921,031	
Grantee's contribution	730,258	730,258	
Total revenues	<u>3,651,289</u>	<u>3,651,289</u>	
Expenses:			
Personnel	1,629,871	1,364,794	\$ 265,077
Fringe benefits	468,431	413,500	54,931
Travel	25,000	13,749	11,251
Supplies	116,000	205,152	(89,152)
Contractual	25,000	25,591	(591)
Other	656,729	625,585	31,144
Head Start grant expenses	<u>2,921,031</u>	<u>2,648,371</u>	<u>\$ 272,660</u>
Grantee's share	<u>730,258</u>	<u>730,258</u>	
Total expenses	<u>\$ 3,651,289</u>	<u>3,378,629</u>	
Revenue over expenses		272,660	
Fund balance, beginning July 1, 2005		303,139	
2004-2005 expenditures paid in 2005-2006		(276,503)	
Reprogrammed PY 13 fiscal year 6-30-04		<u>(21,566)</u>	
Fund balance, ending June 30, 2006		<u>\$ 277,730</u>	



Delta Community Action Association, Inc.  
Tallulah, Louisiana  
Child and Adult Care Food Program  
Head Start Food Service  
Louisiana Department of Education  
Schedule of Revenues and Expenditures  
For the Contract Period: October 1, 2004 to September 30, 2005

Revenue:

Contract revenue	<u>\$ 265,197</u>
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Expenses:

Salaries	137,817
Fringe benefit	31,669
Other administrative costs	6,447
Food service costs	<u>95,805</u>
Total expenses	<u>271,738</u>

Excess revenue (expenses)	(6,541)
---------------------------	---------

Fund balance, beginning October 1, 2004	<u>3,327</u>
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Fund balance, ending September 30, 2005	<u><u>\$ (3,214)</u></u>
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Delta Community Action Association, Inc.  
Tallulah, Louisiana  
Family Day Care Home Program  
Louisiana Department of Education  
Schedule of Revenues and Expenditures  
For the Contract Period: October 1, 2004 to September 30, 2005

Revenue:

Contract revenue	<u>\$ 962,931</u>
------------------	-------------------

Expenses:

Salaries	86,769
Fringe benefit	22,978
Travel	6,868
Office costs	15,379
Operating costs	6,415
Provider payments	<u>824,522</u>

Total expenses	<u>962,931</u>
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Excess revenue (expenses)	<u><u>\$</u></u>
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Delta Community Action Association, Inc.  
Tallulah, Louisiana  
Delta Recovery Center  
DOA Contract No. 351601647  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
For the Contract Period: July 1, 2005 to June 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over) Under Budget</u>
Revenue:			
Contract revenue		\$ 127,111	
Total revenue		<u>127,111</u>	
Expenses:			
Salaries	\$ 82,807	84,520	\$ (1,713)
Fringe benefit	14,077	14,049	28
Travel	4,500	6,525	(2,025)
Operating services	19,139	23,825	(4,686)
Supplies	1,182	1,138	44
Professional services	7,856	3,509	4,347
Capital assets	<u>100</u>	<u></u>	<u>100</u>
Total federal expenditures	<u>\$ 129,661</u>	<u>133,566</u>	<u>\$ (3,905)</u>
Excess revenue (expenses)		(6,455)	
Fund balance, beginning July 1, 2005		<u>48,492</u>	
Fund balance, ending June 30, 2006		<u>\$ 42,037</u>	

Delta Community Action Association, Inc.  
Tallulah, Louisiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2006

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Health and Human Services</u>			
Direct Programs:			
Head Start (Fy 06-30-06)	93.600	06CH0393/15	\$ 2,924,874
Passed through Louisiana Department of Labor Community Services Block Grant	93.569	2005N0038 & 2006N0038	154,205
Passed through Louisiana Housing Finance Agency Home Energy Assistance Program - Energy	93.568	Unknown	59,276
Passed through Louisiana Department of Health and Hospitals, Division of Alcohol and Drug Abuse Delta Recovery Center (Fy 06-30-06)	93.959	351601647	127,111
<u>U.S. Department of Education</u>			
Passed through Louisiana Department of Education Migrant Education	84.011	Fy-05 and Fy-06	133,934
<u>U.S. Department of Agriculture</u>			
Passed through Louisiana Department of Education Child and Adult Care Food Program (Head Start) (Fy 09-30-05)	10.558	Unknown	81,194
Child and Adult Care Food Program (Head Start) (Fy 09-30-06)	10.558	Unknown	208,034
Child and Adult Care Food Program (FDCH) (Fy 09-30-05)	10.558	Unknown	263,860
Child and Adult Care Food Program (FDCH) (Fy 09-30-06)	10.558	Unknown	738,895
Total federal expenditures			<u>\$ 4,691,383</u>

Note 1: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

# COOK & MOREHART

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Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With Government Auditing Standards

To the Board of Directors  
Delta Community Action Association, Inc.  
Tallulah, Louisiana

We have audited the financial statements of Delta Community Action Association, Inc. (a nonprofit organization) as of and for the year ended June 30, 2006, and have issued our report thereon dated October 13, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Delta Community Action Association, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which we have reported to management of Delta Community Action Association, Inc. in a separate management letter dated October 13, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Delta Community Action Association, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Cook & Morehart  
Certified Public Accountants  
October 13, 2006

# COOK & MOREHART

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## Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

To the Board of Directors  
Delta Community Action Association, Inc.  
Tallulah, Louisiana

### Compliance

We have audited the compliance of Delta Community Action Association, Inc. (a non-profit organization) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. Delta Community Action Association, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Delta Community Action Association, Inc.'s management. Our responsibility is to express an opinion on Delta Community Action Association, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Delta Community Action Association, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Delta Community Action Association, Inc.'s compliance with those requirements.

In our opinion, Delta Community Action Association, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

### Internal Control Over Compliance

The management of Delta Community Action Association, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Delta Community Action Association, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the

normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Cook & Morehart", with a stylized flourish at the end.

Cook & Morehart  
Certified Public Accountants  
October 13, 2006

Delta Community Action Association, Inc.  
Tallulah, Louisiana  
Summary Schedule of Prior Audit Findings  
June 30, 2006

**2005-C1 REPORTABLE CONDITION**

*Statement of Condition:* During our audit, we noted that the agency utilizes signature stamps and a check-signing machine for authorized signatures on checks. Individuals preparing the checks have access to the stamps and the check-signing machine.

*Recommendation:* We recommend that adequate internal controls be established concerning separation of duties, and that individuals preparing checks not have access to signature stamps or the check-signing machine.

*Current Status:* New procedures established by agency. No finding in current year audit.



Delta Community Action Association, Inc.  
Tallulah, Louisiana  
Schedule of Findings and Questioned Costs  
June 30, 2006

**A. Summary of Audit Results**

1. The auditor's report expresses an unqualified opinion on the financial statements of Delta Community Action Association, Inc.
2. No reportable conditions are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Delta Community Action Association, Inc. were disclosed during the audit.
4. No reportable conditions are reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Delta Community Action Association, Inc. expresses an unqualified opinion.
6. There are no audit findings relative to the major federal award program for Delta Community Action Association, Inc. reported in Part C. of this Schedule.
7. The programs tested as major programs included: 1) Head Start Program CFDA #93.600, and 2) Child and Adult Care Food Program (FDCH and Head Start) CFDA #10.558.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Delta Community Action Association, Inc. does not qualify as a low-risk auditee.

**B. Findings – Financial Statements Audit: None.**

**C. Findings and Questioned Costs – Major Federal Award Programs Audit: None.**

Delta Community Action Association, Inc.  
Tallulah, Louisiana  
Schedule of Prior Audit Findings For Louisiana Legislative Auditor  
June 30, 2006

There was one reportable condition related to federal awards programs for the prior year audit for the year ended June 30, 2005, as described in the accompanying Summary Schedule of Prior Audit Findings. There was one reportable condition related to the financial statements for the prior year audit for the year ended June 30, 2005, as follows:

**2005-B1 REPORTABLE CONDITION**

*Statement of Condition:* During our audit, we noted that the agency utilizes signature stamps and a check-signing machine for authorized signatures on checks. Individuals preparing the checks have access to the stamps and the check-signing machine.

*Recommendation:* We recommend that adequate internal controls be established concerning separation of duties, and that individuals preparing checks not have access to signature stamps or the check-signing machine.

*Current Status:* New procedures established by agency. No finding in current year audit.

There were five management letter comments in the previous audit for the year ended June 30, 2005, as follows:

**Comment #1 – Payroll Transactions**

Improvement noted. No comment in current year audit.

**Comment #2 – Family Day Care Home Program File Exam**

See comment in current year audit.

**Comment #3 – Migrant Financial Reports**

See comment in current year audit.

**Comment #4 – Fixed Assets**

Improvement noted. No comment in current year audit.

**Comment #5 – Issuance of Checks**

Improvement noted. No comment in current year audit.

Delta Community Action Association, Inc.  
Tallulah, Louisiana  
Schedule of Current Audit Findings For Louisiana Legislative Auditor  
June 30, 2006

There are no findings or questioned costs for the current year audit period ended June 30, 2006.

There are three management letter comments for the current audit year ended June 30, 2006. Management's response to these is as follows:

**Comment #1 – Family Day Care Home Program File Exam**

In order to insure all FDCH program files contain required items and forms are complete, a list of required items will be attached to the inside cover of each file. In addition a person independent of the person responsible for developing and maintaining the files will review the files periodically to ensure the various forms that are required to be maintained are complete.

**Comment #2 – Migrant Education Financial Reports**

All Migrant Education program financial reports that are sent to the state will be reviewed and approved by the accounting department prior to submission.

**Comment #3 – Child and Adult Care Food Program – Head Start Applications**

In order to ensure that each USDA Free/Reduced Meal applications is complete and accurate a person independent of the person completing the application will review each application periodically.

# COOK & MOREHART

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## Management Letter

October 13, 2006

Board of Directors  
Delta Community Action Association, Inc.  
Tallulah, Louisiana

We have audited the financial statements of Delta Community Action Association, Inc. (Delta), for the year ended June 30, 2006, and have issued our report thereon dated October 13, 2006. In planning and performing our audit of the financial statements of Delta Community Action Association, Inc., we considered its internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

During our audit certain matters were noted involving internal controls over financial reporting and other operational matters which appear to merit your attention for consideration to improve the internal control or operations of Delta. These comments have been discussed with the appropriate members of management.

### (1) Family Day Care Home Program File Exam

During our testing of files for eligibility for the Family Day Care Home Program, we noted several instances of insignificant items which were not completed on the various forms that are required to be maintained in the program files.

We recommend that independent reviews be made of all files to ensure completeness and accuracy of all required forms.

### (2) Migrant Education Financial Reports

During our audit, we noted that the Migrant Education program financial reports sent to the state were not being prepared from or reconciled to the agency's general ledger.

We recommend that financial reports be reviewed and approved by the accounting department prior to submission.

### (3) Child and Adult Care Food Program – Head Start Applications

During our testing of applications for the Child and Adult Care Food Program – Head Start program, we noted several instances where the free / reduced section of the application was not completed or not completely accurately.

We recommend an independent review of all the applications for completeness and accuracy to ensure that the reimbursement reports are prepared correctly in regards to the free and reduced rates.

We express sincere thanks to Delta personnel for the cooperation and assistance provided us during our audit. We are available to provide you assistance and consultation in the implementation of the above mentioned items. This letter is furnished solely for the use of management and the Board of Directors and is not intended to be used for any other purpose.

A handwritten signature in cursive script, appearing to read "Cook & Morehart", with a long horizontal flourish extending to the right.

Cook & Morehart  
Certified Public Accountants